

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 SCEM-02 INT-08 COME-00 TRSE-00

AID-20 CIAE-00 FRB-02 INR-10 NSAE-00 RSC-01 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 FPC-01 SS-15

NSC-10 PRS-01 IO-13 RSR-01 /150 W
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P R 201615Z JUL 73

FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 9929

INFO AMCONSUL MILAN

C O N F I D E N T I A L ROME 7195

E.O. 11652: GDS

TAGS: ENRG, IT

SUBJECT: AVAILABILITY OF PROPANE

REF: STATE 131388

1. EMBASSY HAS SPOKEN WITH ESSO AND ENI (NATIONAL HYDROCARBON AUTHORITY) SOURCES AND CONGEN MILAN WITH NATIONAL CHEMICAL ASSOCIATION (ASCHIMICI) IN CONNECTION WITH REFTEL REQUEST. BULK OF FOLLOWING INFORMATION AND DATA COMES FROM ASCHIMICI.

A. IN ITALY, PROPANE AND BUTANE ARE PRODUCED AND CO-MINGLED UNDER THE GENRAL RUBRIC "GAS DEL PETROLIO LIQUEFATTI - GPL", EQUIVALENT TO US LPG. PROPOANE IS NOT RPT NOT SEPARATED FROM THE MIXTURE EXCEPT FOR CERTAIN INDUSTRIAL AND CHEMICAL USES. CONSEQUENTLY, PRECISE DATA ON PROPANE ALONE UNAVAILABLE.

B. LPG IS PRODUCED AS BY-PRODUCT OF PRODUCTION OF BENZENE, AND NOT RPT NOT FOR ITS OWN SAKE. GIVEN CURRENT DEMAND AND HIGH PRICES FOR BENZENE, OUR SOURCES DO NOT FORESEE ANY VARIATION IN CURRENT REFINERY PRODUCTION SCHEDULES WHICH PRODUCE FROM 9.8 PERCENT TO 2 PERCENT LPG FROM EACH UNIT CRUDE PETROLEUM PROCESSED. CONSEQUENTLY, ONLY FEASIBLE MEANS TO INCREASE LPG PRODUCTION IS TO PROCESS

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ADDITIONAL AMOUNTS CRUDE PETROLEUM. LPG DEMAND IS HEAVIEST DURING

SUMMER DUE INCREASED USE BOTTLE GAS. LACK OF STORAGE FACILITIES HAS CAUSED LPG TO BE FLARED DURING PERIODS OF SLACK DEMAND FOR IT OR HEAVY DEMAND FOR OTHER REFINERY PRODUCTS SUCH AS OCCUR DURING WINTER. SPECIFIC QUANTITIES OF PRODUCT FLARED NOT KNOWN, AND IN ANY EVENT DO NOT REPRESENT AVAILABILITY FOR EXPORT IN VIEW OF FACILITIES FOR STORAGE AND TRANSPORT.

C. DOMESTIC ITALIAN CONSUMPTION LPG HAS GROWN ONLY SLOWLY IN RECENT YEARS DUE PRIMARILY TO SATURATION MARKET FOR BOTTLE GAS FOR HOME CONSUMPTION. INCREASED GROWTH RATE OVERALL INDUSTRIAL PRODUCTION IN 1973 EXPECTED TO BOOST LPG CONSUMPTION SOMEWHAT ABOVE THE 1972 RATE, BUT RAPID INCREASE IN DEMAND NOT RPT NOT FORESEEN.

2. FOLLOWING ARE DATA ON PRODUCTION, CONSUMPTION, FOREIGN TRADE AND CURRENT PRICES LPG:

TABLE A: LPG PRODUCTION - ITALY

	1970	1971	1972
	(11 MONTHS)		
PRODUCTION (THOU.MT.)		2,064	2,091 1,985
PERCENT CHANGE (OVER PREV. PERIOD)		10.8	1.3 3.0

SOURCE: BOLLETTINO PETROLIFERO.PUB. BY MINISTERO DELLA INDUSTRIA. RELEVANT YEARS.

BABLE B: LPG CONSUMPTION BY SECTOR - ITALY

	(THOUSAND M.T.)		
SECTOR	1970	1971	1972
	(11 MONTHS)		
TRANSPORTATION		298	372 383
INDUSTRY	355	287	261
HEATING AND ILLUMINATION		863	959 853
OTHER USES	314	131	104
OTHER SECTOR	3	-	-
SUBTOTAL	1,832	1,749	1,601
PETROCHEMICAL RAW MATERIAL		57	- 85
T O T A L	1,889	1,749	1,686

NOTE COLUMNS MAY NOT ADD DUE TO ROUNDING. SOURCE: SAME AS TABLE A.

TABLE C: ITALIAN IMPORTS AND EXPORTS OF LPG

(THOUSAND METRIC TONS)

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	1971	1972
IMPORTS	135	131
EXPORTS	312	350

SOURCE: ASCHIMICI

TABLE D: CURRENT PRICES OF LPG

I. FOR BOTTLED GAS IN CONTAINERS OF:

10 KILOGRAMS - IT. LIRA 2,200 INCLUDING 6 PERCENT VALUE ADDED

TAX (IVA)

15 KILOGRAMS - IT. LIRA 3,00 INCLUDING 6 PERCENT TVA

25 KILOGRAMS - IT. LIRA 3,600 PLUS 12 PERCENT IVA

II. LPG BULK

FOR BOTTLING : 25 LIRA/KG #PLUS 19.

LIRA/KG TAXES PLUS 6 PERCENT IVA

FOR INDUSTRIAL USE : 25 LIRA/KG #PLUS 2.00

LIRA/KG TAXES PLUS 12 PERCENT IVA

FOR VEHICLES : 25 LIRA/KG #PLUS 90.40

LIRA/KG TAXES PLUS 12 PERCENT IVA

#22-24 LIRA/KG AT THE REFINERY. (\$1.00-581.5 LIRA)

SOURCE: COMITATO NAZIONALE PER L'INDUSTRIA GAS, MILANO.

OUR SOURCE REPORTS CONSUMER PRICES HAVE RISEN PRIMARILY
DUE TO ADDITIONAL COSTS OF DISTRIBUTION, SALARIES AND
INCIDENTAL MATERIALS. ACCORDING TO THE COMITATO NAZIONALE
PER L'INDUSTRIA GAS, LPG PRICE HAVE FLUCTUATED ACCORDING
TO AVAILABILITY AT THE REFINERY, ALWAYS WITH AN UPWARD
TREND. ANY SPECULATION ON FUTURE PRICES AS REQUESTED
REFTEL SEEM SOMEWHAT FRUITLESS IN VIEW ABOVE INFORMATION
AS PRICE WILL DEPEND ON QUANTITY DESIRED PLUS REFINERY
ESTIMATE OF POTENTIAL PRODUCT AVAILABILITY ON DELIVERY DATE.

3. WE HAVE NO RPT NO INFORMATION ON AND ARE UNABLE TO COMMENT
UPON POSSIBILITY THAT GOVERNMENT RESTRICTIONS OR CONTROLS WILL BE
PLACED ON EXPORTS. VOLPE

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